GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1096
ANSWERED ON:01.03.2001
POWER FINANCE CORPORATION
MOHAMMED SHAHABUDDIN

Will the Minister of POWER be pleased to state:

(a) whether attention of the Government has been drawn towards the deteriorating economic condition of many electricity boards;

(b) if so, the details thereof;

(c) whether the Power Finance Corporation has found the rate of return (ROR) of these electricity boards negative in comparison to minimum expected ROR which is 3 per cent on invested capital;

(d) if so, the details thereof, State-wise;

(e) whether the PFC has fixed certain conditions for providing financial assistance to these electricity boards;

(f) if so, the details thereof; and (g) the names of power projects of private sector likely to be cancelled after refusal by the Government to give guarantee to mega power projects and guarantee by the PFC?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) : Yes, Sir.

(b) : A Statement indicating the profit/loss position of SEBs is at Annexure-I.

(c) & (d) : Most of the State Electricity Boards are not able to earn a minimum Rate of Return (ROR) of 3% on their net fixed assets, as required under the Electricity (Supply) Act, 1948. The SEBs collectively showed a negative Rate of Return (without subsidy) of (-) 19% on capital during 1999-2000. The state-wise position on ROR is at Annexure-II.

(e) : Eligibility criteria for providing financial assistance to the State Power Sector as per PFC`s Operational Policy Statement consist of :

- Entity related criteria
- Project/Scheme related criteria

The details of the scheme are given in Annexure III.

However, the criteria can be relaxed in the case of States entering into MOU with the Government of India on power sector reforms. Further, the funding under the Accelerated Power Development Programme is conditional on the beneficiary State agreeing to undertake reforms.

(f) : The list of State Power Utilities which have committed to improve their operational and financial health through OFAP is placed at annexure IV.

(g) : There is no proposal/case for cancellation of projects on account of non- availability of guarantee from the Government of India or PFC.

ANNEXURE REFERRED TO IN REPLY OF PART (b) OF LOK SABHA UNSTARRED QUESTION NO. 1096 TO BE ANSWERED ON 1.3.2001 REGARDING POWER FINANCE CORPORATION.

COMMERCIAL PROFIT/LOSS (without subsidy) (Rs. crore)

SEBs	1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Actual	1997-98 Provi.	1998-99 (RE)	1999-2000 (AP)
Andhra Pradesh	-4	-23	-981	-1255	-939	-1376	-2263	-2703
Assam	-205	-197	-255	-261	-225	-411	-306	-336
Bihar	-280	-190	-189	-211	-442	-496	-514	-548
Delhi (DVB)	-207	- 0	-578	-626	-760	-961	-794	
Gujarat	-519	-493	-550	-1003	-1069	-1274	-1440	-1498
Haryana	-404	-507	-468	-554	-625	-765	-532	-502
Himachal Pradesh	2	-51	19	11	17	10	-33	-4
Jammu & Kashmir	-225	-293	-347	-363	-507	-662	-643	-347
Karnataka	-19	-2	-164	-502	-652	-331	-604	-365
Kerala	-65	-75	-129	-183	-208	-199	-162	-451
Madhya Pradesh	-493	-377	-594	-602	-464	-941	-1288	-1966
Maharashtra	162	189	276	-408	-92	-11	115	214
Meghalaya	-8	-3	-21	-20	158	286	105	204
Orissa	-85	-196	-136	-231	-344	-287	-405	-186
Punjab	-626	-693	-681	-644	-606	-979	-1381	-1223
Rajasthan	-260	-415	-412	-430	-269	-386	-577	-882
Tamil Nadu	-258	-302	-2	-77	-257	-318	-885	-709
Uttar Pradesh	-808	-1202	-1152	-1136	-1821	-1853	-1991	-2142
West Bengal	-258	-231	-339	-322	-387	-492	-692	-675
Total	-4560	-5060	-6125	-8770	-9357	-11246	-14458	-14913

ANNEXURE-II

ANNEXURE REFERRED TO IN REPLY TO PARTS (c) & (d) OF LOK SABHA
UNSTARRED QUESTION NO. 1096 TO BE ANSWERED ON 1.3.2001 REGARDING POWER FINANCE CORPORATION.

RATE OF RETURN ON CAPITAL (without subsidy) (%)

SEBs	1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Actual	1997-98 Provi.	1998-99 (RE)	1999-2000 (AP)
Andhra Pradesh	-0.20	-0.60	-22.30	-28.80	-21.80	-33.95	-50.15	-56.66
Assam	-43.30	-47.30	-25.70	-32.10	-25.39	-38.88	-28.02	-29.39
Bihar	-20.00	-12.70	-19.00	-12.90	27.57	32.66	35.29	34.36
Delhi (DVB)	-26.20	NA	NA	-29.90	-27.75	-28.58	-32.52	-23.30
Gujarat	-16.50	-14.60	-14.30	-24.90	-25.70	-27.83	-30.16	-34.51
Haryana	-26.10	-31.20	-27.90	-31.80	-38.35	-47.79	-33.27	-31.34
Himachal Pradesh	0.50	-14.90	-2.50	2.60	3.34	1.58	-4.56	-0.48
Jammu & Kashmir	-39.10	-50.10	-51.70	-48.20	-56.65	-60.00	-51.64	-24.07
Karnataka	-2.00	-0.20	-11.40	-29.40	-36.16	-17.00	-27.09	-14.24
Kerala	-11.40	-11.40	-17.90	-24.10	-19.11	-17.05	-9.44	-19.29
Madhya Pradesh	-14.60	-9.60	-13.50	-14.30	-10.99	-23.04	-30.47	-48.18
Maharashtra	3.10	3.10	4.10	-5.30	-1.20	-0.14	1.37	2.22
Meghalaya	-7.90	-4.00	-6.90	-9.60	74.92	140.68	48.84	89.27
Orissa	-8.70	-13.50	-10.20	-21.50	-17.57	-14.85	-21.44	-8.61
Punjab	-19.90	-20.90	-19.40	-21.10	-18.27	-33.21	-46.76	-29.93
Rajasthan	-11.40	-17.90	-19.10	-16.00	-10.36	-13.81	-20.07	-21.92
Tamil Nadu	-8.80	-9.70	-0.10	-1.90	-5.40	-5.23	-14.19	-11.01
Uttar Pradesh	-16.70	-17.80	-12.20	-9.60	-14.09	-13.21	-13.47	-12.88
West Bengal	-35.30	-29.70	-42.20	-56.10	-41.00	-45.34	-58.50	-45.26
Average :	-12.70	-12.30	-13.10	-16.40	-14.67	-16.79	-58.50	-18.98

ANNEXURE-III

ANNEXURE REFERRED TO IN REPLY TO PART (e) OF LOK SABHA
UNSTARRED QUESTION NO.1096 FOR ANSWER ON 1.3.2001 REGARDING POWER FINANCE CORPORTION.

Details of schemes for providing financial assistance to the State Power sector as per PFC`s Operational Policy Statement:

Entity related criteria:

? Availability of Exposure Limits as per PFC policy.
? The utilities should have achieved a minimum ROR on net fixed assets of 5% or Return on Equity of 12% for the year preceding to the immediately previous financial year; and
? The utility should not be in default to PFC.

Project/Scheme related criteria:

Financial assistance is provided to those projects/schemes which meet the following criteria:-

? are techno-economically sound with Financial or Economic Rate of Return of not less than 12% (as may be applicable);
? are feasible and technically sound and provide optimal cost solutions for the selected alternative;
? are compatible with integrated power development and expansion plans of State/region/country;
? compliance to environmental guidelines, standards and conditions;
? schemes should have obtained the required clearances;
? schemes should have obtained the required clearances;
? all inputs required for the implementation and operation of the projects are tied up and proper procurement and implementation plans have been drawn up.

In case of environmental upgradation meter installation, load dispatch, computerization and communication, R&D and non-conventional energy projects, the rate of return of 12% i.e. (economic or financial) may not be insisted upon.

ANNEXURE-IV

ANNEXURE REFERRED TO IN REPLY TO PART (f) OF LOK SABHA UNSTARRED QUESTION NO.1096 FOR ANSWER ON 1.3.2001 REGARDING POWER FINANCE CORPORTION.

SEBs

Punjab
Himachal Pradesh
Gujarat
Maharashtra
Madhya Pradesh
Tamil Nadu
Kerala
West Bengal
Assam

State Generating Corporations

OPGCL
OHPCL
TVNL
DPL
WBPDCL
BSHPCL
JKPDCL

RRVUNL
KPCL

State Transmission Corporation

GRIDCO
KPTCL

State Power Department

Manipur
Mizoram
Nagaland
Sikkim
J&K
Goa

Municipal Utility

BEST

Autonomous Entity

DVC